

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 825 - SB 1246

April 2, 2009

SUMMARY OF BILL: Limits the state to ownership of two airplanes. Requires that any additional state-owned airplanes be sold as surplus properties.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$1,329,000/One-Time/General Fund

**Decrease State Expenditures - \$91,200/Recurring
Highway Fund**

**Increase State Expenditures - Exceeds \$100,000/Recurring
General Fund**

Other Fiscal Impact - According to the Department of Transportation, when another Agency or Department uses one of the planes they are billed by TDOT and the subsequent revenue is credited to the Highway Fund. As a result, if Departments or Agencies are using commercial airline services in lieu of state planes, there will be a decrease in revenue to the Highway Fund. The change in expenditures to these Departments will depend upon the price of commercial airfare versus the cost for the use of a state plane. Such amount change will vary for each use.

Assumptions:

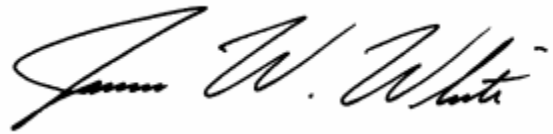
- According to the provisions of the bill, the Governor will determine the two planes that are retained by the state.
- According to the Department of Transportation (TDOT), the state has five planes.
- For purposes of this fiscal estimate, three of the five planes have been chosen as an example of the changes in state revenue and expenditures that may occur upon passage of this bill. The three planes chose for this analysis are the 2004 Cessna Grand Caravan with an estimated

value of \$1,060,000, the 1984 Cessna 182 with an estimated value of \$19,000, and the 1988 Beechcraft Baron with an estimated value of \$250,000. The one-time increase in state revenue from the sale of these planes is estimated to be \$1,329,000 (\$1,060,000 + \$19,000 + \$250,000).

- According to TDOT, the FY07-08 maintenance cost for these planes was approximately \$91,200. Therefore, there will be a recurring decrease in state expenditures of \$91,200 due to the sale of these planes.
- Any increase in state expenditures for costs associated with the sale of these planes is estimated to be not significant.
- State planes are currently used for three primary purposes, aerial surveys, airport inspections and passenger transport. Due to the reduction in available planes, some of the survey and inspection work currently performed utilizing state resources will have to be contracted. In addition, individuals who formerly utilized state aircraft for travel will be required to either utilize the services of commercial airlines or drive to their destinations. As a result, there is estimated to be a recurring increase in state expenditures to the General Fund exceeding \$100,000 to pay for such contracts and travel.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

/cce